GOT ACCOUNTS PAYABLE CONTROLS?

June 2002

What's Everyone Talking About?

Nationwide Benchmarking Results

A 2001 nationwide government benchmark survey of Accounts Payable Professionals found:

- 30% of government entities have been the victims of check fraud at least once.

- Approximately 5.2% of vendor invoices processed by government entities contain errors.

- 65% of government entities surveyed take all vendor discounts offered.

Coming Soon!

Internal Audit and Finance team up for an Accounts Payable Workshop

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New On-line Accounts Payable Manual

Important Internal Controls Over Your Expenditures

Internal Audit recently completed a Countywide expenditures review. Much of our time was spent documenting and analyzing the accounts payable process. As part of our audit, we interviewed Shelby Scharbach, Deputy County Finance Officer, about some of the most important controls that County Purchasing and Paying Agents should have in place.
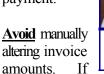
"The first line of defense against vendor overpayments is educating yourself on County procedures governing payment processing," said Scharbach. "The Accounts Payable cycle includes participants from every department within the County and it is important for these members to understand basic controls over their expenditures."

> **Departments are the first line of defense against over-payments**

Scharbach identified the following important controls:

Verify pricing and payment terms against the appropriate contract.

Ensure the appropriate departmental purchaser approves and initials each payment.

Avoid manually altering invoice amounts. If there is an error, request a corrected invoice from the vendor.

Review invoices and validate items received. Initial approvals.

Check vendor table screens to verify vendor number and payment address.

Provide the Accounts Payable Unit with all appropriate documentation.

Scharbach concluded, "The Accounts Payable process is important to the County's financial success."

Consult the County Training Schedule for upcoming Accounts Payable, CAPA, and Advantage training.

Shelby Scharbach, Deputy CFO

Did You Know?

The Accounts Payable Unit in Finance processes approximately 192,000 payment vouchers annually. Their goal is to process transactions within five days of the submission date (assuming all back-up documentation is submitted). The average transaction cost is about $4.65 per payment voucher, so ask vendors to accumulate small invoices to save processing costs.

Contact Internal Audit for internal control support at (602) 506-1585